

**R—DFAS Vendor Pay Product Line**  
Special Notice  
Reference Number: RFI-DFAS-ASD-VP-MAR03  
Posted Date: March 3, 2003  
Closing Date: March 28, 2003

**Vendor Pay Product Line Transformation Market Research / Request for Information**

**PURPOSE:**

The establishment of the Defense Finance and Accounting Service (DFAS) in January 1991 was an important first step in the continuing process to improve the Department of Defense (DoD) finance and accounting operations. Prior to DFAS, DoD performed finance and accounting functions at various installations/activities using non-standard systems and procedures. Over the years DFAS consolidated from 338 offices to 26, reduced manpower by 9,200 positions, reduced systems from 324 to 65, reorganized into business line structure, and received an unqualified audit opinion on its financial statements for fiscal year 2000, 2001, and 2002.

DFAS consists of three major business lines, one being Commercial Pay Services. The Commercial Pay Services Business Line pays all defense industry partners, ranging from small business vendors to large-scale weapon system contractors. It is divided into “contract pay” and “vendor pay.” This notification relates only to the vendor pay portion, known as the Vendor Pay Product Line.

The Vendor Pay Product Line handles a very large volume of individual payments for day-to-day goods and services, such as supplies, utilities, and transportation support. However, it also includes payment of other, more complex contractual obligations. The total payments in FY02 reached nearly \$126 billion.

On September 10, 2001, Secretary of Defense Rumsfeld announced that the Department of Defense would begin examination and review of the Defense Agencies to determine if functions or processes could be improved. This announcement led to the development of a DFAS Transformation Strategy. DFAS is currently developing a Transformation Strategy for the Vendor Pay product line.

This notification is part of the Transformation Strategy. It is not a solicitation for services. This notification is not, in any way, a manifestation of intent to engage in any transformation strategy that will, necessarily, involve the private-sector. It is only a market survey approach to determine whether the market contains the capability to perform the functions described. No decision has been made to pursue any kind of private-sector commercial involvement. This notification is only an attempt to determine whether, at a future date, options that involve commercial involvement can be included in the list of possible transformation strategies that DFAS may consider. If, for example, at a future date a competitive sourcing were to be studied, information to support that study would be solicited at that time in accordance with the applicable regulatory and statutory requirements.

**OVERVIEW OF THE VENDOR PAY FUNCTIONS:**

The Vendor Pay function is performed at 22 of the 26 DFAS locations.

The major areas of the Vendor Pay Product Line include processing supporting contract documents, invoices and receiving reports for both contractual, supporting documentation for

miscellaneous non-contractual payments, as well as processing payments for Transportation Pay, Government Charge Card Programs, Non-Temp Storage/Household Goods, and contingency and wartime operations support for the Military Services and Defense Agencies within the Department of Defense. The Vendor Pay Product Line adheres to current statutory and regulatory requirements including the DoD Financial Management Regulations (DoD FMR) Volume 10 - Contract Pay, Federal Acquisition Regulation (FAR), and the Department of Defense Federal Acquisition Regulation Supplement (DFARS), 41 Code of Federal Regulations Parts 101-41 and 102-118, 49 Code of Federal Regulation, 4 Code Federal Regulation, Management Reform Memorandum (MRM) 15 – Reengineering of Defense Transportation Documentation and Financial Processes, and the Defense Transportation Regulation (DTR), Joint Travel Regulation (JTR), and the Joint Federal Travel Regulation (JFTR).

The major functions of Vendor Pay consists of:

- Document management, to include receipt and control of all Vendor Pay documents, document review and research, preparation of document folders, assembly of completed payment packages for certification, and end-to-end control of documents within Vendor Pay.
- Customer Service, to include receiving and responding to customer inquiries (internal and external, to include both vendors and the Military Services).
- Verifying the accuracy of all vouchers prior to certification, including supporting documentation.
- Accounts Payable, to include verification of contracts, invoices and receiving reports, and entry into the applicable entitlement system, using appropriate currency.
- Data gathering, analyzing, measuring and reporting performance, cost and workload metrics in accordance with both the DFAS and Commercial Pay Services Balanced Scorecards.
- Verifying the presence of an applicable obligation against which payments can be made.
- Updating and maintaining vendor information.
- Contract payment file maintenance.
- Contract reconciliation.
- Debt management processing, as related to vendor and transportation payments.
- Limited classified contract payment processing
- Transportation Pay (includes disbursing, accounting, pre-pay audits, Power Track, household goods, and claims adjudication).
- Daily Business Reconciliation.
- Supporting audit requirements, to include pre- and post-pay audits, both internal and external.
- Interface with Accounting, to include Disbursing.
- Interface with Customers/Other Government Agencies.

Army VP Services:

The Vendor Pay Business Line currently provides services to Army operations from thirteen different sites, including three overseas locations, using three different accounts payable entitlement systems (CAPS-W, CAPS-C, and DTRS). All three of these entitlement systems feed payment data to the STANFINS ReDesign -1 (SRD-1) Disbursing System for the actual disbursement of the designated funds. SRD-1 in turn feeds the disbursement data to six different accounting systems (STANFINS, WAS, SOMARDS, CCSS, SIFS, and DTRS-A)

#### Air Force Services:

The Vendor Pay Business Line currently provides services to Air Force operations from eight different sites, including three overseas locations, using three different accounts payable entitlement systems (IAPS, TFMS-M, and CUFS). All three of these entitlement systems feed payment data to the (CDS) Disbursing System for the actual disbursement of the designated funds. CDS in turn feeds the disbursement data to three different accounting systems (GAFS, TFMS-M, and CUFS)

#### Navy Services:

The Vendor Pay Business Line currently provides services to Navy operations from six different sites, including three overseas locations, using five different accounts payable entitlement systems (STARS ONE-BILL-PAY, TSS, FABS, FIS, and DWAS). All five of these entitlement systems feed payment data to the (ADS) Disbursing System for the actual disbursement of the designated funds. ADS in turn feeds the disbursement data to four different accounting systems (STARS, FAMIS, FIS, and DWAS)

#### Marines and Defense Agencies:

The Vendor Pay Business Line currently provides services to the Marines and other Defense Agencies' operations from four different sites, including two overseas locations, using six different accounts payable entitlement systems (CAPS-W, AVEDS, FAS, DISMS, SAMMS, and SAVES). All six of these entitlement systems feed payment data to the STANFINS ReDesign -1 (SRD-1) Disbursing System for the actual disbursement of the designated funds. SRD-1 in turn feeds the disbursement data to seven different accounting systems (SABRS, DFAMS, DDARS, DFAMS, DISMS, SAMMS, and STANFINS).

**Vendor Pay Systems:** Computerized Accounts Payable System - Windows (CAPSW), Computerized Accounts Payable System – Clipper (CAPSC), Integrated Accounts Payable System (IAPS), Standard Accounting and Reporting System (STARS ONE PAY), Defense Integrated Subsistence Management System (DISMS), Automated Voucher Examination Disbursing System (AVEDS), Standard Automated Material Management System (SAMMS), Defense Transportation Payment System (DTRS), Defense Working Capital & Accounting System (DWAS), Transportation Financial Management System (TFMS-M), Transportation Standardized System (TSS), College & University Financial System (CUFS), Financial Accounting Budget System (FABS), Financial Information System (FIS), Fuels Automated System (FAS), and Standard Automated Voucher Examination System (SAVES).

**Vendor Pay Locations:** DFAS sites located in Charleston, SC; Columbus, OH; Dayton, OH; Indianapolis, IN; Kansas City, MO; Lawton-Fort Sill, OK; Lexington, KY; Limestone, ME; Norfolk, VA; Omaha, NE; Orlando, FL; Pensacola, FL; Rock Island, IL; Rome, NY; San Antonio, TX; San Bernardino, CA; San Diego, CA; Monterey, CA; St. Louis, MO; Ford Island, HI; Yakota, Japan; and Kaiserslautern, Germany. Some DFAS sites process payments for multiple branches of the Military Services.

#### Transactions Processed:

The Vendor Pay Product Line processed 10.3 million contractor invoices in FY02, disbursed nearly \$126 billion in FY02, and paid 16.2 million Lines of Accounting in FY02.

NOTE: Despite the detail information provided above, this document includes only a high-level overview of the tasks performed by the DFAS Vendor Pay function. It does not include all of the functions or the detail of those functions.

### **Staffing Levels:**

Vendor Pay staffing (all positions based on authorizations) consists of approximately 2,330 FTEs (1900 Civilian, 280 military, and 150 foreign national direct and/or indirect hires); approximately 130 of the civilian positions are Inherently Governmental positions.

### **INSTRUCTIONS FOR PROVIDING INFORMATION:**

Contractors may respond to this request for information by participating in the Industry Day described below OR, in lieu of participation in the Industry Day, by submitting to the POC, all of the information that would be presented at the Industry Day in written form by April 9, 2003.

Industry Day: DFAS will hold an Industry Day in Columbus, Ohio on April 9, 2003 starting at 8:30 a.m., in the DFAS Columbus Conference Center. Parties interested in attending the Industry Day must notify Jennifer D'Addio, DFAS-ASD-Arlington, VA no later than March 28, 2003 via e-mail ([jennifer.daddio@dfas.mil](mailto:jennifer.daddio@dfas.mil)). The Industry Day format will be as follows:

- DFAS presentation on the Vendor Pay function to all attendees.
- Answers to questions received prior to Industry Day.
- Vendor Presentations: Time will be allotted for individual vendor presentations, if requested by the vendor. VENDOR PRESENTATIONS SHALL BE LIMITED TO AN OVERVIEW OF THEIR CAPABILITIES TO PERFORM THE WORK AS DESCRIBED ABOVE FOR THE VENDOR PAY FUNCTION. Presentations will be one-on-one, vendor and DFAS, and are strictly limited to 30 minutes. No audio/visual equipment will be available for Vendor presentations. Paper copies/handouts of briefings will suffice. DFAS representatives will not answer questions during the presentations. All questions and answers will be addressed in the open forum so as to benefit all participants.
- Brief closing statement to all attendees and another opportunity for Questions and Answers.

Vendors must include with their notification of interest in the Industry Day:

1. A brief non-binding statement indicating that, if at a future date, some transformation option involving commercial competition were to be initiated that the vendor envisions participating.
2. A statement of whether the vendor intends to give a presentation of their capabilities should be included in their notification of attendance.
3. Using information in this RFI as a basis, vendors must also provide a brief Statement of Capabilities, to include at least:
  - Similar services currently being provided
  - Best practices utilized in performing the same or like services
  - Critical performance metrics/Standards of service
  - Anticipated changes/trends in how accounts payable services will be provided in the next 5 to 10 years

Industry Day attendance will be strictly limited to no more than five (5) representatives per vendor.

Vendors may submit questions by e-mail only to the POC indicated below. Questions must be received no later than March 28, 2003. Answers to questions will be provided at the Industry Day presentation and posted on the DFAS Website soon after Industry Day.

**POC**

Jennifer D'Addio, 1931 Jefferson Davis Highway, Suite 905, Arlington, VA 22240-5291 Phone 703-607-1024, Fax 703-607-2132, E-mail [jennifer.daddio@dfas.mil](mailto:jennifer.daddio@dfas.mil)